

## VIEW: Choosing sovereignty over servitude

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*C. Christine Fair, PhD (Daily Times, February 8, 2011)*

*What does it mean for a state to be sovereign? Apart from exercising monopoly of force and writ of law more or less homogenously over the state territory, one of the most important elements of state sovereignty is the ability to pay its own bills. While Pakistan is making strides in the former, it has made no progress in the latter*

Pakistanis are outraged by US Ambassador Munter's reported assertion that the US government is entitled to influence Pakistan's internal affairs in exchange for US assistance. The US is Pakistan's largest source of economic support either directly or through international financial institutions. These funds enable the government of Pakistan — if not the state — to survive.

Pakistanis naturally resent this situation because they have no leverage in Pakistan's relationship with Washington and thus are beholden to Washington's diktat. They are right: this funding renders Pakistan answerable to the US taxpayer (e.g. me) rather than Pakistanis (e.g. you).

But this anger towards Washington is misplaced. Pakistanis should ask why it is that their state — including its massive, nuclear-armed military — requires outside assistance on the scale it does when Pakistan in fact has considerable national wealth.

Pakistan is not a Somalia. Why is that neighbouring India can pay its way, having transformed itself from an aid-receiving to an aid-granting state, while Pakistan must grovel at the table of the International Monetary Fund (IMF) and other multilateral and bilateral donors? Indeed it is India's financial success that has drawn global capitals to its doorstep seeking to sell India's state and central governments weapon systems, surveillance technology, power plants, and other needed infrastructure and commodities needed and demanded by the growing country and its millions. It is India's growing economic heft that gives it leverage in the strategic partnerships it forges — including those with the US and Israel.

There is no reason why Pakistan cannot step out of the shadow of its servitude and into the light of sovereignty. After all, Pakistanis are hardworking and proud patriots.

What does it mean for a state to be sovereign? Apart from exercising monopoly of force and writ of law more or less homogenously over the state territory, one of the most important elements of state sovereignty is the ability to pay its own bills. While Pakistan is making strides in the former, it has made no progress in the latter.

To free Pakistan of international meddling, Pakistan's political leaders need only to subject themselves and their patronage networks to an agricultural and industrial tax, a move which Pakistan's leadership has steadfastly avoided throughout the state's entire history. Of course, it must improve income tax compliance too.

Given this refusal to expand its tax net, the state relies upon an admixture of international assistance and punitive and regressive domestic sales and income taxes to pay its bills. Sales taxes are especially regressive because they affect the poor far more than the wealthy. Government servants — whose income tax is deducted from their wages — and other honest income tax payers pay their way while the wealthy agriculturalists and business elite abscond. Bangladesh has a better tax compliance record than Pakistan.

The sad truth is that Pakistan's elites —many of whom sit and have sat and will sit in parliament—have chosen to subjugate their country for their own personal accumulation and preservation of wealth. This should be the focus of public outrage: not Washington's expectation that its massive investment in Pakistan yield some return for the interests of its taxpayers.

Some readers of this missive may counter that China and Saudi Arabia help Pakistan without such expectations. These cherished myths are rubbish.

What has China done for Pakistan? It did not help Pakistan in any of its wars with India in 1965, 1971 or the Kargil crisis of 1999, when it took the same line as the US and even India. It did little to help Pakistan in the 2001-2002 crisis with India and it even voted in the UN Security Council to declare Jamaat-ud-Dawa (JuD) a terrorist organisation in 2009 in the wake of the Mumbai terror outrage.

The roads and ports and other infrastructure that the Chinese are building in Pakistan principally benefit China. Pakistanis are an afterthought. The Chinese obtain contracts on favourable and profitable investment terms, use their own employees, and contribute little to the local economy ultimately to build projects that facilitate the movement and sales of cheap (but also dangerous and poorly crafted) Chinese goods and products into and through Pakistan.

It is a sad fact that China uses Pakistan for its foreign policy aims as well. It provides Pakistan nuclear assistance and large amounts of military assistance to purchase subpar military platforms in hopes of sustaining Pakistan's anti-status quo policy towards India. By encouraging Pakistani adventurism towards India, Beijing hopes that India's massive defence modernisation and status of forces remain focused upon Pakistan — not China. China wants to sustain the animosity between India and Pakistan but it certainly does not want an actual conflict to ensue as it would then be forced to show its hand again — by not supporting Pakistan in such a conflict.

What about Saudi Arabia? The increasingly broke US citizen provided more assistance to Pakistan's flood victims than Pakistan's Islamic, oil tycoon brethren in Saudi Arabia. While the US government has not figured out how to give aid in a way that minimises corruption and maximises benefit, Pakistanis should

note that at least the US tries to do so in contrast to Saudi Arabia, which simply abdicates.

Saudi Arabia does fund madrassas, albeit of a highly sectarian variety. Yet, Pakistan does not need more madrassas. In fact, the educational market shows that Pakistani interest in madrasa education is stagnant while interest in private schooling is expanding. Unfortunately, those madrassas and Islamic institutions that Saudi Arabia does support have contributed to a bloody sectarian divide in Pakistan that has killed far more innocent Pakistanis than the inaccurately reviled US drone programme a thousand times over.

In short, Saudi Arabia too uses Pakistan to isolate Shia Iran and to promote the dominance of Wahabiism over other Sunni maslaks (sub-sects) and over all Shia maslaks. Pakistan has paid a bloody price for the Saudis' assistance.

There is no such thing as "friends" in international relations. Any country will help Pakistan because it expects that doing so will advance its interests, not necessarily those of Pakistan and its citizenry. Pakistan will never be free of the "nok" of donors until it raises its own revenue from its own domestic resources.

There is another important reason why all Pakistanis should pay local and federal taxes according to their means: it is the bond that ties the governed to the government. When the state extracts taxes from its citizenry, the citizens demand services in return. When the government fails to perform at either local or federal levels, the citizens have the opportunity to vote the miscreants out of office. The incoming elected officials learn, over the course of several electoral cycles, to be responsive to the voters, not dismissive of the same. Within constitutional democracies, payment of taxes is the most important mechanism by which citizens exert control over their government.

If Pakistanis genuinely want to toss off the yoke of financial servitude and gain a genuine stake in their government, they should stop howling at the US government. Instead, the street power mobilised to support a flawed law and a murderer should be redirected to policy issues that are critical to the state's survival. And rest assured, financial sovereignty is one such issue.

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